

BEAUCE PLACER MINING Co. LTD.

(No Personal Liability)

JUL 8 1960

ANNUAL REPORT

Year Ended Dec. 31, 1959

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

OFFICERS	M. J. BOYLEN, D.C.L., D.Sc. - - - - - <i>President</i>
	JAMES K. CROWDY - - - - - <i>Vice-President and Managing-Director</i>
	GORDON L. MOORE - - - - - <i>Secretary-Treasurer</i>
	RAYMOND CARON - - - - - <i>Assistant-Secretary</i>
	CHARLES B. BRANNIGAN - - - <i>Assistant-Treasurer</i>
DIRECTORS	M. J. BOYLEN, D.C.L., D.Sc. - - - Toronto, Ontario
	SERAPHIN BOLDUC - - - - - Beauceville, P.Q.
	JAMES K. CROWDY - - - - - Seattle, Washington, U.S.A.
	ROBERT J. ISAACS - - - - - Toronto, Ontario
	FRANC R. JOUBIN - - - - - Toronto, Ontario
HEAD OFFICE	620 Cathcart Street - - - - - Montreal, Quebec
EXECUTIVE OFFICE	908 - 330 Bay Street - - - - - Toronto, Ontario
AUDITORS	PRICE WATERHOUSE & Co. - - - - Toronto, Ontario
TRANSFER AGENTS	GUARANTY TRUST COMPANY OF CANADA - - - - - Toronto, Ontario and Montreal, Quebec

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

Report of the Directors

TO THE SHAREHOLDERS:

Your Directors submit herewith the Second Annual Report of your Company including the financial statements as reported by the Company auditors, and the report on operations by the Managing Director, Mr. James K. Crowdy.

FINANCING:

The Company's shares were called for trading on the Canadian Stock Exchange in Montreal on July 23rd, 1959.

New York-Alaska Mines Ltd. held an option on 600,000 shares of the Company's stock at seventy-five cents per share providing the number of shares they took down did not exceed twenty percent of the Company's issued capital at time of purchase. At year end this company had purchased 344,050 shares, which was the maximum number they were permitted to purchase at that date.

It is estimated that it will require \$800,000 to bring the property to production. Plans to raise the required funds are under consideration.

OPERATIONS:

Drilling within the Seigniorship during 1959 added an additional 990,000 cubic yards of gravel averaging 22.9¢ per cubic yard to the reserves on the Gilbert River. Reserves on this river are now 16,796,000 cubic yards having a gross value of \$3,775,000.

Exploration drilling of four holes on Meule Creek at close of the 1959 season yielded values of from 29¢ to 42¢ per cubic yard over an average depth of 118 feet. The gold recovered in drilling was coarse and close to bedrock. A second high pay streak was indicated by surface trenching down to 16 feet. The Gilbert River and Meule Creek are within the boundaries of the Seigniorship, of which the Company owns the mining rights and controls extensive surface rights.

A small amount of exploration drilling was done on three streams outside the Seigniorship. The results indicate further work is warranted on two of these streams. There are eight potential areas outside the Seigniorship which should be drilled.

Some work was also done during the year in preparation of the site on the Gilbert River where initial dredging is planned. A photograph of the 6-cubic foot dredge held under option by the Company is contained in this report.

ACKNOWLEDGEMENTS:

I wish, on behalf of the Board of Directors, to acknowledge the valuable assistance of your Managing Director, Mr. James K. Crowdy, in supplying your Company with the necessary trained personnel from his company's Alaskan operations. I also wish to express my sincere appreciation to all employees for their loyal and efficient service during the past year.

Respectfully submitted on behalf of the Directors,

M. J. BOYLEN,

President.

Toronto, Ontario,
June 10th, 1960.

BEAUCE PLACER MINING CO. LTD.

(No Personal Liability)

(Incorporated February 1, 1958 under the laws of the Province of Quebec)

Balance Sheet —

ASSETS

CURRENT ASSETS:

Cash on hand and on deposit	\$ 18,500.86	
Accounts receivable	524.15	
Government of Canada bond on deposit with Quebec Securities Commission, at cost (market value \$845.00)	1,000.00	
Materials and supplies	12,128.51	
Prepaid expenses	636.61	\$ 32,790.13

FIXED ASSETS, at cost:

Land	\$ 44,088.58	
Drilling and automotive equipment, furniture and fixtures	83,879.25	
Placer mining dredge (Note 2)	143,181.25	271,149.08

MINING RIGHTS AND PROPERTIES, at value assigned by directors to 750,000 fully paid shares (10¢ per share) issued as consideration therefor (Note 3)

\$ 75,000.00

Add—Value assigned by directors to 300,000 fully paid shares (30¢ per share) issued to the vendor of the foregoing mining rights and properties for exploration and development expenditures of \$100,274.65

90,000.00 165,000.00

DEFERRED EXPENSES, per statements attached:

Exploration and development	\$278,737.34	
Administration and general	45,340.27	324,077.61
		<u>\$793,016.82</u>

The accompanying notes to the financial statements

Auditors

To the Shareholders of

BEAUCE PLACER MINING CO. LTD. (No Personal Liability):

We have examined the balance sheet of Beauce Placer Mining Co. Ltd. (No Personal Liability) as at December 31, 1959 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

March 31, 1960.

December 31, 1959

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued	\$ 28,823.40
Demand notes payable	45,000.00
Payable to a director	5,000.00

\$ 78,823.40

Balance payable on purchase of placer mining dredge (U.S. \$125,000) (Note 2)	119,025.00	\$197,848.40
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CAPITAL: (Note 4)

Authorized—3,000,000 shares of a par value of \$1.00 each	<u>\$ 3,000,000.00</u>
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Issued, fully paid—

	Number of shares	Par value	Discount	Net
For cash or its equivalent	670,250	\$ 670,250	235,052.50	435,197.50
For mining rights and properties	750,000	750,000	675,000.00	75,000.00
For exploration and development	300,000	300,000	210,000.00	90,000.00
	<u>1,720,250</u>	<u>\$1,720,250</u>	<u>1,120,052.50</u>	<u>600,197.50</u>

Deduct:

Deficit, from incorporation on February 1, 1958 to December 31, 1959 (no change in 1959):			
Incorporation expenses written off	\$3,900.00		
Loss on mining claims abandoned	1,129.08	5,029.08	595,168.42
			<u>\$793,016.82</u>

Approved on Behalf of the Board:

M. J. BOYLEN, Director.

J. K. CROWDY, Director.

are an integral part of this statement.

Report

In our opinion, subject to the company obtaining the mineral exploration permit referred to in Note (3) to the financial statements, the accompanying balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1959, according to the best of our information and the explanations given to us and as shown by the books of the company.

PRICE WATERHOUSE & CO.,

Chartered Accountants.

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

December 31, 1959

1. Under an agreement dated April 22, 1958, between the company and New York-Alaska Mines Ltd., the latter has been granted exclusive management control over all operations of the Company's mining rights and properties for which it will receive, as a management fee, a sum equal to 15 per cent of the Company's net income from mining operations before income taxes. This agreement is for a period of ten years from the date of commencement of commercial production, but may be terminated on three months' notice if in the judgment of either party the net proceeds of the commercial operations are insufficient to justify continuance.

It is proposed to re-negotiate the agreement, but to date the new terms have not been settled.

2. The Company has arranged to purchase a used dredge for \$150,000.00 (U.S.), and made a deposit of \$25,000.00 (U.S.) on the purchase price in May, 1959. The balance of the purchase price is payable when the dredge is ready for delivery. It is estimated that a further expenditure of approximately \$680,000.00 will be required to transport the dredge and place it in operation.

3. The exploration which the Company has carried out has been largely in areas where the mineral rights are owned by the Company. The proposed dredging operations will be within these same areas.

In addition to the foregoing areas the Company formerly held certain mining claims under miners' certificates. The area covered by these claims, as well as additional areas, has now been incorporated in a mineral exploration permit for gold placer mining which the Minister of Mines, Province of Quebec, is authorized by order in council to issue to the Company for a period of three years commencing September 30, 1959.

Before this permit is issued the Company is required to pay to the Province an initial annual fee of \$5,850.00 and to deposit, as security, bonds or money in the amount of \$10,000.00. In addition, the Company must agree to carry out annually exploration work having a cost of \$46,800.00 within the area covered by the permit.

To date the Company has not made the payments required to secure the issue of the mineral exploration permit referred to above.

4. During the year 364,210 shares were issued for a total consideration of \$273,157.50 (cash \$262,758.05; cancellation of a \$10,399.45 note payable to a director for cash advance).

Beauce Placer Mining Co. Ltd.

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STATEMENT OF EXPLORATION AND DEVELOPMENT EXPENSES

For the Year Ended December 31, 1959

	Balance December 31, 1958	Expenditures in 1959	Balance December 31, 1959
Drilling	\$119,748.01	57,381.61	177,129.62
DEVELOPMENT EXPENSES:			
Drainage	\$ —	5,698.27	5,698.27
Access road	—	1,450.56	1,450.56
	\$ —	7,148.83	7,148.83
Purchase of land easements	\$ —	8,108.91	8,108.91
MINE OVERHEAD AND INDIRECT EXPENSE:			
Salaries	\$ 8,164.27	8,663.00	16,827.27
Rent and services	4,032.64	3,859.66	7,892.30
Postage, stationery and supplies	914.95	398.45	1,313.40
Telephone and telegraph	1,067.72	729.04	1,796.76
Office and warehouse expense	2,368.74	2,364.61	4,733.35
Supervision	8,022.81	9,845.00	17,867.81
General engineering and drafting	2,505.99	2,149.87	4,655.86
Travelling and transportation	9,186.31	12,342.05	21,528.36
Employment service	565.94	420.56	986.50
Legal	109.00	2.15	111.15
Vacation pay	789.14	551.82	1,340.96
Employee welfare	185.54	51.20	236.74
Bank charges and interest	125.30	131.22	256.52
Loss on sale of fixed assets	103.71	—	103.71
General insurance	1,056.88	2,284.12	3,341.00
Employees' group insurance	—	462.28	462.28
Unemployment insurance and workmen's compensation	1,640.78	1,731.27	3,372.05
Taxes and licences	633.21	1,043.43	1,676.64
Mineral claim renewal fees	1,375.13	60.00	1,435.13
	\$ 42,848.06	47,089.73	89,937.79
	\$162,596.07	119,729.08	282,325.15
Less—Revenue from wood cutting (net)	—	3,587.81	3,587.81
	\$162,596.07	116,141.27	278,737.34

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STATEMENT OF ADMINISTRATION AND GENERAL EXPENSES

For the Year Ended December 31, 1959

	Balance December 31, 1958	Expenditures in 1959	Balance December 31, 1959
Advertising	\$ 4,426.25	140.51	4,566.76
Bank charges and interest	(818.29)	6,401.01	5,582.72
Corporation taxes	100.00	101.67	201.67
Engineering and consulting fees and expense	2,122.48	384.06	2,506.54
General expense	143.17	240.03	383.20
Legal and audit	4,441.05	2,565.15	7,006.20
Postage, stationery and supplies	2,772.72	1,058.57	3,831.29
Security and registration expense	800.00	695.00	1,495.00
Listing and sustaining fees	—	1,000.00	1,000.00
Telephone and telegraph	1,536.23	756.97	2,293.20
Transfer agent and registrar's fees	250.00	730.51	980.51
Travelling expenses	2,017.08	423.71	2,440.79
Administration	5,000.00	6,000.00	11,000.00
Reports to shareholders	—	2,052.39	2,052.39
	<u>\$22,790.69</u>	<u>22,549.58</u>	<u>45,340.27</u>

Beauce Placer Mining Co. Ltd.

(No Personal Liability)

Managing Director's Report

The President and Directors,
Beauce Placer Mining Co. Ltd.,
Suite 908 - 330 Bay Street,
Toronto 1, Ontario.

Dear Sirs:

Herewith my report covering prospecting operations and results for the year 1959 on the properties of Beauce Placer Mining Co. Ltd.

Limited drilling, with one machine, started in May and it was not until June that operations commenced with four drills. It was necessary to close the first week in October.

One hundred and fifty-four holes were drilled for a total of 9,689 feet. This compared to 14,628 feet of churn, and 4,241 feet of rotary drilling accomplished in 1958.

GILBERT RIVER:

Further drilling was carried out in this area, comprising 94 holes for a total of 4,661 feet. This was to develop additional ground and fill in between existing cross sections.

A new channel which was discovered added some 990,000 cubic yards to reserves, with an estimated gold content of .229¢ per cubic yard.

Total proven reserves in Ranges II, III and IV are now 16,796,163 cubic yards, with a gross gold content of \$3,775.343. This figure does not make any allowance for the probable higher dredging recovery which normally occurs due to the coarseness of the gold. It is also anticipated that dredging will reveal a substantial amount of additional profitable yardages outside the perimeter of the estimated pay area.

Options were exercised and purchase completed of all the surface area needed for mining purposes. The dredge pit location was determined and necessary surveys made. Stripping and logging off of dredgeable areas was completed. Line poles for the construction of the power line were all cut, peeled and stored, and an access road to the dredge pit site was constructed.

A drainage ditch was started and tests made of the digging characteristics of the ground to be stripped. These tests were satisfactory and no difficulty is anticipated. The shop, warehouse and office site was surveyed and a water well drilled for future use.

MEULE CREEK:

Four drill holes, totalling 491 feet, were put down on this creek, giving values of from .29¢ to .42¢ per yard, over a depth of 118 feet. Gold recovered was very coarse and close to bedrock.

Some surface prospecting was done in the neighborhood of a pit previously mined by Mr. Bolduc. Results from this showed values with coarse gold and nuggets up to \$9, indicating the presence of a second high pay streak from the surface down to approximately 16 feet.

OUTSIDE AREAS:

On three streams outside the Seigniory fifty-six holes were drilled for a total of 4,537 feet. One of the streams was abandoned, but the other two warrant further work.

There are eight potential additional areas of varying size in the section referred to which should be drilled in the future.

FUTURE PROSPECTING:

If dredging operations are undertaken this year, the drilling program should be cut down to conserve finances; however, in any case, drilling on Meule Creek should be started and a commercial yardage blocked out.

Scout drilling should be done on the Mill River, of which Meule Creek is a tributary. Mill River is a much larger stream with an adequate water supply fed from several lakes. Both of these streams are on the Seigniory.

In 1961 the drilling program should be expanded to check some of our other potential areas.

CONCLUSIONS AND RECOMMENDATIONS:

We are committed to the purchase of the dredge in Idaho and have made a \$25,000 down payment. The additional funds required should be made available at once and the dredge dismantled and moved to the Gilbert River site. The construction of a dredge pit, power line, etc., should be started and auxiliary machinery and equipment ordered.

Using this dredge, and if the required parts and equipment can be secured in time, then it is anticipated that it will take about four months from the time dismantling in Idaho starts, until operations can commence.

ACKNOWLEDGEMENTS:

The sudden death of Mr. Rose, our manager, was a blow to all of us in the Company and a loss to the community in general. He was a very capable and thorough man, and his work was carried out in accordance with the highest professional standards.

My thanks to the Officers, Directors, staff and employees of the Company for their continued help and able assistance. The cooperation which we have received from the various Government and Municipal authorities is also much appreciated.

Respectfully submitted,

JAMES K. CROWDY,

Managing Director.

Beauce Placer Mining Co. Ltd.



Photograph of dredge held under option by Beauce Placer Mining Co. Ltd.

